**Long-Term Assets In Class Assignments Student Version Wild 7e**

**QS 8-2**

Cost of plant assets C1

Kegler Bowling installs automatic scorekeeping equipment with an invoice cost of $190,000. The electrical work required for the installation costs $20,000. Additional costs are $4,000 for delivery and $13,700 for sales tax. During the installation, a component of the equipment is carelessly left on a lane and hit by the automatic lane-cleaning machine. The cost of repairing the component is $1,850. What is the total recorded cost of the automatic scorekeeping equipment?

**Exercise 8-2**

Recording costs of assets C1

Cala Manufacturing purchases a large lot on which an old building is located as part of its plans to build a new plant. The negotiated purchase price is $280,000 for the lot plus $110,000 for the old building. The company pays $33,500 to tear down the old building and $47,000 to fill and level the lot. It also pays a total of $1,540,000 in construction costs—this amount consists of $1,452,200 for the new building and $87,800 for lighting and paving a parking area next to the building. Prepare a single journal entry to record these costs incurred by Cala, all of which are paid in cash.

**Exercise 8-3**

Lump-sum purchase of plant assets C1

Liltua Company pays $375,280 for real estate plus $20,100 in closing costs. The real estate consists of land appraised at $157,040; land improvements appraised at $58,890; and a building appraised at $176,670. Allocate the total cost among the three purchased assets and prepare the journal entry to record the purchase.

**QS 8-3**

Straight-line depreciation P1

On January 2, 2013, the Cerritos Band acquires sound equipment for concert performances at a cost of $65,800. The band estimates it will use this equipment for four years, during which time it anticipates performing about 200 concerts. It estimates that after four years it can sell the equipment for $2,000. During year 2013, the band performs 45 concerts. Compute the year 2013 depreciation using the straight-line method.

**QS 8-4**

Units-of-production depreciation P1

Refer to the information in QS 8-3. Compute the year 2013 depreciation using the units-of-production method.

**QS 8-6**

Double-declining-balance method P1

A fleet of refrigerated delivery trucks is acquired on January 5, 2013, at a cost of $830,000 with an estimated useful life of eight years and an estimated salvage value of $75,000. Compute the depreciation expense for the first three years using the double-declining-balance method.

**QS 8-5**

Computing revised depreciation C2

Refer to the facts in QS 8-3. Assume that the Cerritos Band uses straight-line depreciation but realizes at the start of the second year that due to concert bookings beyond expectations, this equipment will last only a total of three years. The salvage value remains unchanged. Compute the revised depreciation for both the second and third years.

**Exercise 8-11**

Revising depreciation C2

**Check**

(2) $3,710

Apex Fitness Club uses straight-line depreciation for a machine costing $23,860, with an estimated four-year life and a $2,400 salvage value. At the beginning of the third year, Apex determines that the machine has three more years of remaining useful life, after which it will have an estimated $2,000 salvage value. Compute (1) the machine's book value at the end of its second year and (2) the amount of depreciation for each of the final three years given the revised estimates.

**QS 8-9**

Disposal of assets P2

Hortez Co. owns equipment that cost $76,800, with accumulated depreciation of $40,800. Hortez sells the equipment for cash. Record the sale of the equipment assuming Hortez sells the equipment for (1) $47,000 cash, (2) $36,000 cash, and (3) $31,000 cash.

**QS 8-10**

Natural resources and depletion P3

Corentine Company acquires an ore mine at a cost of $1,400,000. It incurs additional costs of $400,000 to access the mine, which is estimated to hold 1,000,000 tons of ore. The estimated value of the land after the ore is removed is $200,000.

1. Prepare the entry(ies) to record the cost of the ore mine.
2. Prepare the year-end adjusting entry if 180,000 tons of ore are mined and sold the first year.

**Exercise 8-20**

Goodwill P4

On January 1, 2013, Robinson Company purchased Franklin Company at a price of $2,500,000. The fair market value of the net assets purchased equals $1,800,000.

1. What is the amount of goodwill that Robinson records at the purchase date?
2. Explain how Robinson would determine the amount of goodwill amortization for the year ended December 31, 2013.
3. Robinson Company believes that its employees provide superior customer service, and through their efforts, Robinson Company believes it has created $900,000 of goodwill. How would Robinson Company record this goodwill?